GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3474
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OPENING OF BRANCHES OF NATIONALISED BANKS IN RURAL AREAS
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has recently issued guidelines to the nationalised banks to open their branches in the rural areas adopting banking system suitable for villages;

(b) if so, the details thereof; and

(c) the difference between the existing system and the new system so being adopted?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a),(b)and (c): Government assigns top priority to opening of bank branches in rural centres and unbanked areas, for financial inclusion of the poor and the Weaker Sections to bring them within the network of financial services offered by the Banking Sector.

The RBI`s broad approach to financial inclusion aims at `connecting people` with the banking system and not just credit dispensation; giving people access to payments system; portray financial inclusion as a viable business model and opportunity, etc. The changed measures inter-alia, include:

(i)No-Frills Accounts and General Purpose Credit Cards;

(ii)Pilot project for 100 per cent Financial Inclusion;

(iii)Credit Counseling;

(iv)Use of intermediaries like NGOs/SHGs as agents; to increase the out-reach of the banking sector;

(v)Opening more branches in Minority Concentration Districts etc.

Under the Branch Authorisation Policy of RBI issued in September 2005, banks have been given freedom to submit their Branch Expansion Plans to RBI for approval on annual basis.

The Branch Authorisation Policy of 2005 replaces the earlier system of granting authorisation to the banks for opening individual branches from time to time. According to the new system, the RBI gives aggregate approvals to the banks for opening branches on an annual basis.